

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



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FOR IMMEDIATE RELEASE

WORKERS COMPENSATION SETTLEMENT ANNOUNCED

The South Carolina Department of Consumer Affairs is pleased to announce that a settlement was reached **which will result in annual savings of approximately \$20 million in workers compensation rates for virtually all South Carolina businesses.**

Earlier this year, National Council on Compensation Insurance (NCCI) filed with the Department of Insurance an application for a 17.6% increase in loss costs for workers compensation. NCCI is a national organization dealing with workers compensation data, statistics and research and is also a so-called rating bureau. Every workers compensation insurer in South Carolina has to be a member of a rating bureau. NCCI develops loss costs on behalf of its South Carolina members. Loss costs are a major component of final insurance rates. Individual insurers then add their own expense factor to the approved loss costs in order to develop a final premium.

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About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. For more information, visit www.state.sc.us/consumer.

Acting Consumer Advocate Elliott Elam requested a hearing before the Administrative Law Court to determine whether the requested increase was appropriate. As a result of discussions held subsequently among NCCI, the Consumer Advocate and the Department of Insurance, NCCI lowered its request to 11.4% which, given recently sustained losses, was found reasonable by both the Consumer Advocate and the Department of Insurance. The Consumer Advocate withdrew his request for hearing and the new rates will go into effect on July 1, 2004. The rate changes for individual employers may vary depending on the type of business they are in. As a result of the settlement, South Carolina employers should pay annually approximately \$20 million less than what they would have paid under the original application. This is good news for all South Carolina consumers since the lower cost of doing business often translates into lower prices.

Contact Hana Williamson, Staff Attorney at (803) 734.4188 for more details on this case.

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